



**Statement of Will Rousseau**  
**Chairman, Western Growers**  
**Before the**  
**Subcommittee on General Farm Commodities and Risk Management**  
**House Committee on Agriculture**  
**April 26, 2006**

Mr. Chairman and other distinguished members of the Subcommittee, thank you for the opportunity to discuss federal crop insurance programs as they relate to growers of fruits, vegetables and nuts. I commend you for holding such a hearing and considering the views of our industry.

I am testifying today on behalf of Western Growers, which represents fruit, vegetable and nut growers in Arizona and California, for which I currently serve as Chairman of the Board. I am a fourth generation Arizona farmer of various fruit and vegetable crops, including carrots, broccoli, onions, cantaloupes and watermelons. In recent years, I have had significant experience with federal crop insurance programs.

Western Growers is keenly interested in working with Congress to improve federal agriculture policy in order to sustain an efficient and productive domestic fresh produce industry. We believe there is a vital role for the federal government, in partnership with the private sector, to implement policies that will enable growers to remain competitive in global markets. However, we have historically expressed strong reservations to Congress and USDA's Risk Management Agency with respect to federal crop insurance programs for fruit, vegetable and nut growers, and we wish to register such reservations again today.

Western Growers believes that any insurance programs that "protect" growers from economic harm must be carefully developed and implemented so that they only provide protection from catastrophic losses and do not disrupt the highly competitive nature of fruit, vegetable and nut markets. Our industry is characterized by free and open markets where producers must compete on a level playing field. The competitive structure of these markets can be easily distorted when government programs attempt to reduce or eliminate the inherent risks involved with our industry. Western Growers remains firmly opposed to federal crop insurance programs that might disrupt or distort traditional marketing patterns or would provide artificial signals or stimulus toward increased acreage and supply.

The potential for distortion and disruption of highly volatile fruit, vegetable and nut markets, and the corresponding adverse impacts on growers, can best be illustrated by citing the implementation of a federal crop insurance program for watermelons in 1999. Unfortunately, I had direct experience with this debacle which caused serious financial losses for many melon growers.

In 1999, watermelon growers in Arizona and California experienced perhaps the worst market in history. The supply of watermelons nationwide was much greater than in previous years. This was attributed to the fact that the watermelon pilot program, implemented only in select regions of the country, provided substantial incentives for growers in those areas to expand production, and also for new growers to enter the market. This atypical and unnatural expanded production is illustrated by a 79% increase in acreage in participating counties in Florida and a 200% increase in acreage in participating counties in Texas, contrasted with a reduction in acreage in other areas of the nation not eligible for the pilot program. It is apparent that many new entrants into the market “farmed the insurance program” and in doing so destroyed the watermelon market for traditional producers. Moreover, this government-sponsored oversupply rippled through the other summer melon crops, including honeydew, cantaloupe, and mixed melons, as retailers struggled to move the glut in watermelons. We believe this is strong evidence that the 1999 watermelon pilot insurance program caused major disruptions in the market and serious adverse impacts on growers.

Given the severe impacts that can result from well-intended but flawed crop insurance programs, the federal government must be extremely cautious in expanding such programs into the fruit, vegetable and nut sectors. Moreover, we question the need for federal crop insurance for fresh produce growers. I would note that private market insurance policies, such as hail and fire protection, have been available for years without government involvement. Protecting against natural disaster is often desirable for growers. However, providing insurance which goes beyond catastrophic coverage has great potential to take the inherent risk out of growing fruits, vegetables and nuts, and may inhibit sound agricultural practices. Government programs that manipulate the natural levels of risk and reward which characterize our industry by artificially minimizing risk and/or creating false incentives to expand acreage is not in the best interests of growers, consumers or taxpayers.

Western Growers has found strong opposition to an expansion of federal crop insurance to our industry among the majority of our members. To the extent that RMA does work with growers and determines there is demand for federal crop insurance within some segments of our industry, we believe any new program must adhere to the following criteria in order to be successful:

- Programs should be developed and implemented on a national basis so that regional advantages are not falsely created;
- Programs should not provide incentives for growers to expand acreage and safeguards must be established to prevent any artificial influx of new acreage;
- Programs must take into consideration the differences between permanent row crops and seasonal, perishable fruits, vegetables and nuts;

- Programs should not encourage below-market sales;
- Programs should be limited to coverage of losses that occur due to unpredictable or uncontrollable events and should not provide for guaranteed income;
- Growers should be uniformly notified of pilot programs; and,
- Programs must recognize differences in local growing conditions and cultural practices such as differences between irrigated and dry land farming.

Again, Western Growers urges the federal government to move very cautiously with any new crop insurance programs for fruits, vegetables and nuts. Any such program must comply with the tenets listed above in order to prevent market disruptions and the resulting adverse impacts on growers.

Thank you, Mr. Chairman. I would be pleased to respond to any questions that subcommittee members may have.